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**Meeting Minutes for April 25, 2002
Bethel, Alaska**

Commissioners Present

Federal Co-Chair
State Co-Chair
Alaska Federation of Natives
AFL-CIO
University of Alaska
Alaska Municipal League
Associated General Contractors
of Alaska

Jeff Staser
Sally Rue for Fran Ulmer
Nelson Angapak for Julie Kitka
Mano Frey
Mark Hamilton
Kevin Ritchie
Richard Cattanaach

Call to Order

Commissioner Staser called the meeting to order at 9:00 am at the Long House Hotel in Bethel, Alaska.

Opening Remarks

Both Co-Chairs Staser and Rue (representing Commissioner Ulmer) gave welcoming remarks.

Minutes

Commissioner Hamilton moved to approve minutes from the January 23, 2002 meeting; Commissioner Frey seconded the motion. Motion passed.

Update on Commission and Staff

Commissioner Staser gave an update specifically responding to public comments at the January 23, 2002 meeting. He noted a recent visit by Health Resources and Services Administration (HRSA) of the US Department of Health and Human Services regarding

health care issues in Alaska. He stated that the HRSA group took a tour on Wednesday in St. Mary's and Napaskiak. Commissioner Staser also touched on a recent hydrogen conference that may be applicable to energy needs of Alaska. It is expected that more US Department of Agriculture Rural Utilities Services (RUS) funds may be available to the Commission in the amount of \$25 million. Commissioner Staser introduced Ralph Eluska, the new representative to the Denali Commission from the office of the Governor. Performance Indicators show that appropriated dollars from Federal Government to the Denali Commission are at about \$88 million right now.

Commissioner Staser would like the Commissioners to note that Bulk Fuel is almost equal to Energy spending. Administration performance indicators are measured by four items and they are all a green light. Program performance indicators were reported on:

- Bulk Fuel progress (will be completed with this mission at some point),
- Energy progress (no clear priorities on what to fund),
- Small Clinic progress (some day an end date that says that adequate health care is satisfied),
- Large Clinic progress,
- Training progress (moved from funding training only for our projects but have moved to fund projects of our partners that help with public infrastructure),
- Appropriations, Obligations and Expenditures (engage private sector to get some projects done).

Commissioner Angapak: Senator Domenci from New Mexico is suggesting providing tax benefits on oil and gas development on Indian land; could the same be done for Native lands? Would like the Commission to consider support of such legislation in Alaska. Commissioner Staser reminded everyone that Commissioners agreed at an earlier meeting not to endorse or take political policy positions as a group.

Commissioner Staser recapped a recent update to the Legislature that included joint testimony by Bob Poe, Executive Director, of Alaska Industrial Development and Export Authority (AIDEA) and Commissioner Staser. Commissioner Staser noted that he has been asked for issues affecting rural access and transportation by members of the Congressional Delegation staff.

Reports by Commission Staff and Partners

Economic Development Update

Paul McIntosh, of the Denali Commission staff, covered recommendations of the Economic Development subcommittee:

Commissioners Frey, Kitka and Ritchie serve as members of this subcommittee. At their most recent meeting, the subcommittee recommended that the Commissioners should allocate \$2.9 million of \$3.9 million available. Commissioner Ritchie noted that the subcommittee does not have a strategy for economic development yet but would like to have one. Commissioner Staser suggested that we discuss this at the Commission's annual retreat in July 2002.

Pat Poland, of the State of Alaska, whose Department is administering the Mini-Grant program, noted that the Denali Commission contributes or provides \$500,000 and the US Forest Service provides \$170,000 to this program.

In FY 02, this program had over 90 applications with one-third deemed as not eligible and with 28 projects eventually funded. Of the 28, 18 of them were for some type of feasibility study. This program also provides “seed money” of which one half are under agreement. Mr. Poland shared examples of funded projects, such as: a slaughterhouse, a land trust, a gravel site access road, an art center business plan, a media plan and a Denali Commission intern who will conduct follow-up on the success of the Mini-Grant program. Mr. Poland did suggest that funding be made available more often in order to capture some good projects that are not currently be considered during the once a year application cycle. Recommendation for funding: \$500,000.

David Hoffman, CEO of Alaska Growth Capital, along with Jason Evans (Vice-President of lending) recapped a “pay for performance” relationship that they have with the Commission. Five year goals were highlighted with specific criteria. Mr. Hoffman summarized their performance in 2001 which exceeded all outstanding levels in each category. Mr. Hoffman responded to the question on their successful low loan loss rate even though many of their clients/projects are considered “non-bankable”. Mr. Hoffman attributes this low loan loss rate to the fact that Alaska Growth Capital offers technical assistance. Majority of their loans (\$21 million out of \$28 million) go to rural Alaska.

Mr. Evans has been with Alaska Growth Capital since its inception. He mentioned that two firms in Bethel were financed by the company: The Subway of Bethel and Arctic Transportation Services (an air cargo firm). The Subway of Bethel is the second or third highest grossing Subway in Alaska. Mr. Hoffman will provide data for this year’s Denali Commission annual report in highlighting how these funds serve as a catalyst for emerging firms and then are passed on as “success stories” to conventional banks. Recommendation for funding: \$1.5 million.

Mr. McIntosh then covered the topic of the Rural Airport Assistance program. The rationale for continuing funding in this arena is that the Commission is charged with infrastructure development to allow for economic development and safe health and safety in communities. There is a relatively low amount of money put into the program thus far. Two key concerns of the subcommittee: who is responsible for maintenance of facilities that we fund and is the Commission certain that this funding does not replace (but can supplement) State funding. Projects this year by FAA are in the communities of Kwigillingok, Kongiganak, Delta Junction, Quinhagak and Venetie. Recommendation for funding: \$300,000.

Commissioner Cattanach noted his concern about providing matching funding that the State could be providing because then the Legislature will feel that the State no longer needs to not provide any of the matches. Commissioner Hamilton wants to know why communities want out of the State program. Commissioner Staser suggested that the

original issue may be one of land ownership and he suggested that an action item from this meeting should be that Commission funding will be contingent on getting Department of Transportation (DOT) questions answered.

Mr. Poland presented the Initiative to support accelerated infrastructure development which includes the creation of quality, useable mapping for communities. He stated that there is an existing need for comprehensive maps that are highly detailed with adjustments for the topography of the land. This project would ensure that the entire State will be mapped over a five year period. Recommendation for funding: \$300,000.

Mark Rowley, of the World Trade Center of Alaska, a non-profit that was originally created by Governor Sheffield and Glenn Olds presented a proposal for a new facility to promote a private, sustainable meeting place and cross-networking. This facility would offer meeting and conference areas, office areas for both large and small needs and a close proximity to hotel and support facilities. Recommendation for funding: \$344,000.

There was a break in the meeting at 10:45 am.

Bob Charles, of Calista Corporation, presented information on the Donlin Creek Gold Mine and associated energy and transportation issues. He gave an overview of plans to develop the mine in the future. He would look to the Denali Commission to consider some funding when the project reaches the feasibility stage. No funding requested.

Training Update

Krag Johnsen, of the Denali Commission staff, gave an overview of progress of the Denali Commission's training strategy. Mr. Johnsen presented the training subcommittee recommendations for FY 02 funding which included: \$2.85 million for the Department of Labor Denali Training Fund, \$200,000 for ANCET Regional Coordination Initiative, \$250,000 Alaska Works Partnership Apprenticeship Outreach and \$500,000 for the Secondary Operator Program. . Mr. Johnsen provided information on the Secondary Operator program with potential training/mentoring activities.

Gerry McDonagh, of the State of Alaska, Department of Labor and Workforce Development presented a program overview by summarizing new, ongoing, pending and closed projects. The total number of participants: 1,091 with total awards at \$3,890,000. Ms. McDonagh noted the State has taken the example of the Commission in terms of finding partners in order to increase the number of training participants.

Rose Ellis, Executive Director, of Alaska Native Coalition on Employment and Training (ANCET) gave a background on ANCET in general including its mission and accomplishments. Ms. Ellis outlined the FY 02 scope of work and performance measures that ANCET has committed to performing.

Vicki Schneibel, Training Director, of Associated General Contractors (AGC) presented photographs of training projects including classroom work of the “On Site” program. Ms. Schneibel noted the evolving teacher curriculum which included water systems and bridge building.

The Commission meeting recessed for lunch at 12 Noon.

Tom Brice of Alaska Works Partnership presented a film on Alaska Works and its program. The program has informed and advised over 200; referred 152; paid travel costs for 47 and has 39 applicants enrolled into programs (of those 39, 33 are Alaskan Natives and five are women). The average wages start at over \$12 per hour.

Infrastructure Update

Al Ewing, Chief of Staff for the Denali Commission, began the session on Infrastructure. Mr. Ewing covered the topic of Energy Cost Containment within the framework of our Commission guidelines and as a basic management responsibility. The first cost audit was completed in August 2000 showing the average unit cost of bulk fuel construction was \$7.42 per gallon when the projection was calculated at \$6.00 per gallon. The second cost audit was completed in April 2002 and showed the average unit cost of substantially completed bulk fuel storage facilities was \$8.24 per gallon. As part of the cost containment policy, the Commission included benchmarks then the true cost of the project is in fact an average of \$8.48 per gallon. An interim cost containment policy was issued in February 2002 prior to disbursements of \$50 million in energy funds. This policy did allow for phasing in to minimize disruption of ongoing projects. The policy also noted that incentives and sanctions provisions require Commission approval prior to taking effect. Since then the sanctions provision has been removed. Recommendation for approval: Adopt the Resolution on Cost Containment for Denali Commission Funded Energy Projects.

Mr. Ewing also covered benchmarks that are intended to serve as tools to control the apparent upward slide on construction costs. The benchmarks are compared at three stages: 35% design, final design and project completion. Mr. Ewing introduced the idea of incentives for communities and partners (and construction managers) that would reward funds back to the community and partners (up to 50% of the cost savings).

The Energy Advisory Committee offered recommendations regarding an energy policy but did suggest a softening of the sanctions language in the policy. The proposed sanction in Paragraph 19 was eliminated. Commissioner Cattnach thought that Paragraph 18 would be reconsidered on the advice of the partners. Mr. Ewing did not believe that Paragraph 18 was altered. This issue was resolved when it was realized that the cost containment policy included in the Commissioners’ books was not the latest version.

Pat Poland covered a review of the Community Priorities Program. It is intended to address needs in the various communities that did not fall under the established “themes” of Denali Commission funding. Seven awards have been approved:

- Cold Bay - Visitor center
- Galena - Classroom
- Igiugig - Landfill
- Kwethluk - Community Center
- Port Graham - Supportive housing
- Talkeetna - Theater

Recommendation for funding: \$2.2 million.

Mr. Ewing gave the health care program update. He noted progress with obligating up to 28.5 million dollars in January for health care projects. He also noted success in attracting non-profit funding from the Rasmuson foundation and the Rural Funders Forum for health care needs.

Mr. Krag Johnsen updated the Commission on the Washeteria program. He noted that the Commission has received \$5 million in federal funds for this purpose. Five applications approved for funding to date include the communities of: Golovin, Hughes, Sleetmute, Stebbins and Stevens Village for a total of almost \$2 million. Mr. Johnsen stated that several communities would be resubmitting applications addressing deficiencies by the May 15, 2002 deadline

Mr. Ewing gave the Energy program update. The Commission has allocated \$21 million out of the \$35 million available. He announced that the second round RFP for Energy Cost Reduction projects will be issued in May 2002. Many requests for line extensions have been received so an RFP for those proposals is being developed as well.

Bill Allen, State Director, US Department of Agriculture (USDA) – Rural Development, gave an update on the State/Federal MOU implementation. Mr. Allen gave an overview of the structure of the committee work in progress including a Planning panel, a Sustainable Utilities Steering committee, a Housing and Infrastructure committee with a Village Safe Water subcommittee. Mr. Allen also spoke on the partnership between USDA – Rural Development and Alaska Growth Capital with USDA guaranteeing loans to rural Alaska thereby acting as a “revolving loan” fund.

Public Comment (including State and Federal agencies)

Carl Berger with Lower Kuskokwim Economic Council/Chamber of Commerce of Bethel: Reiterated that Power Cost Equalization affects many potential projects and is vital to rural Alaska including Bethel. In terms of local planning and comprehensive planning, it does not exist very much in our villages. Suggest that the Mini-Grant and Community Priorities Programs help communities to develop comprehensive plans. Without a plan, there is virtually no chance of receiving funds. The ARDORS could

serve to assist the Commission in that role in developing those plans. Please utilize our established organizations in assisting in statewide spending plans.

Joan McCoy, with the Alaska 20/20 project is focusing on the five areas of Economy, Environment, Education, Public Services, Communities and Families. Her project will include: development of a community outreach plan with objectives of presentations to key organizations, appropriate contacts, encouraging communities to conduct their own visioning process; facilitating a broad based public dialogue; and conducting a public awareness campaign through the media. Her observations have been that people are encouraged by the process and really want to participate and that communities want to develop their own solutions. Ms. McCoy is requesting that the Commission tell her their thoughts about the draft vision and goals; help develop benchmarks; identify people to take part in next year's conference; and get their own organizations involved.

Jack Brown, business development manager of Kenai Peninsula Borough and the Kenai Mayor. Mr. Brown is in support efforts of World Trade Center. Good relationship with the World Trade Center management.

Tom Okleasik, Kawarek. Four key points: (1) Major piece that Tom sees missing at our meetings. Mr. Okleasik recommends that rural institutions missing from our processes including economic development, steering committees, rural partnerships. (2) Suggest: a summit on rural development as to how the rural organizations can be strategic partners. (3) Resolution on World Trade Center building is not supported because rural funds should not be financing a project in Anchorage. (4) Community Priorities Program: need to set criteria. That needs to be done now ... are we really serving rural communities best by funding an ice skating arena in Juneau? We are looking at villages with very few resources versus a community such as Juneau which has other funding sources such as a cruise ship tax.

Bob Rettner from Aleutian: In support of the World Trade Center building. Good relationship with the World Trade Center management.

Agnes Phillips, Bethel resident, mother of four children. Appreciate efforts for health facilities in the Bethel area.

Janelle Vanasse, Bethel resident. The People's Learning Center (Yunt Elitnaurviat) requested Commission dollars to start this center. Already have nine partners to committing and funding a regional learning center. Looking at resource revenue streams available. Target date for operation: Fall 2004.

Bing Santamour, AVCP, Inc. Three projects that she has personal discomfort: Calista Corporation Donlin Creek Mining project (not enough information), Alaska Growth Capital (grant to loan money out); World Trade Center for prior reasons listed. I am support of funds that the Denali Commission has supported AVCP in the past and those projects are going well.

Dario Naubbie, Vice-Mayor for the City of Bethel. The City of Bethel supports The People's Learning Center.

James Angaiak, a resident of Bethel. Translator. Missing: Hearing the training part, cost containment, Create jobs to stay in the villages instead of seasonal jobs. Can we train people and still keep employment in the community. Work for Y-K as substance abuse educator. Leery about trainees go into Anchorage and elsewhere and end up drinking.

Bob Macguire, AVCP, Just finished the AVCP Strategic Plan. Element: energy and transportation in terms of reduction of costs. What is the national plan to move to hydrogen and its impact in rural Alaska?

Resolution Votes

Commissioner Frey moved to adopt **Resolution 02-05** for allocation of funds for the Mini-Grant program. Commissioner Rue seconded the motion. The motion passed.

Commissioner Cattanach moved to adopt **Resolution 02-06** for allocation of funds for the Alaska Growth Capital Program. Commissioner Ritchie seconded the motion. The motion passed.

Commissioner Angapak moved to adopt **Resolution 02-07** for allocation of funds for the Rural Airport Improvement Program with the friendly amendment that no new projects will be approved until the DOT meets with the Commission staff. The motion passed.

Commissioner Ritchie moved to adopt **Resolution 02—08** for allocation of funds for the Initiative for accelerated infrastructure Development Program. Commissioner Angapak seconded the motion. The motion passed.

Commissioner Cattanach moved to table the resolution regarding the World Trade Center funding. Commissioner Angapak seconded the motion. The motion passed.

Commissioner Hamilton moved to adopt **Resolution 02-09** for allocation of funds for the State of Alaska, Department of Labor and Workforce Development Denali Training Fund. Commissioner Frey seconded the motion. The motion passed.

Commissioner Frey moved to adopt **Resolution 02-10** for allocation of funds for the Energy Secondary Operator Program. Commissioner Hamilton seconded the motion. The motion passed.

Commissioner Rue moved to adopt **Resolution 02-11** for allocation of funds for the Community Priorities Program with a friendly amendment to reserve future funding subject to completion of revisions to the program's eligibility criteria and approval by the

Commission Co-Chairs. Projects that are already approved are not affected by this amendment. Commissioner Frey seconded the motion. The motion passed.

Commissioner Frey, after clarifying that the Cost Containment Policy is an administrative matter requiring no action of the Commission, moved to require no action on the proposed Energy Cost Containment Policy. Commissioner Hamilton seconded the motion. The motion passed.

Closing Comments

Commissioner Cattnach suggested that the July meeting should be something different than a retreat in that the Commission may decide to do something similar to a recent meeting of the University of Alaska. At that meeting, the University gathered together a series of executives in order to predict what they need in employees up to the year 2009. Commissioner Cattnach suggested that perhaps our July meeting should also include our partners and maybe a report card grade from those partners.

Commissioner Ritchie requested a change to the scheduled date of the retreat. In addition, he would like the Commission to discuss the issue of economic development at the July retreat and suggested utilizing a facilitator from the University. He did agree with Commissioner Cattnach that participants should include our partners and business leaders as well as the Congressional staff.

Commissioner Angapak noted his support that the quarterly meetings continue to be held in rural Alaska.

Commissioner Frey thanked everyone in Bethel for hosting the Commissioners and expressed appreciation for the opportunity to see the rural part of the State.

Commissioner Hamilton thanked the Commission staff and offered his support and time for any further work that is needed of him especially in light of expected visitors from Washington, DC this summer.

Commissioner Rue noted that the upcoming retreat will be an opportunity to refine what the Commission is already doing and to examine the tension between objectives the Commissioners have set for ourselves.

Commissioner Staser adjourned the meeting at 4:45 pm.

